

Congress Responds to the Hurricanes of 2005

Updated: September 30, 2005

Note: This running document is purely factual and is not intended to endorse any particular legislation. This document will track House-passed legislation and note when it is signed into law. New updates made since the last version of this document are indicated below in **red bold**.

- **Supplemental Appropriations—First Installment.** The President signed into law a \$10.5 billion supplemental appropriations bill for fiscal year 2005 for hurricane disaster relief. Major funding areas are:
 - \$10.0 billion for the Department of Homeland Security's Emergency Preparedness and Response—Disaster Relief account (under which FEMA operates); and
 - \$500.0 million for the Department of Defense's Operation & Maintenance account.

(H.R. 3645, Public Law 109-61)

- **Supplemental Appropriations—Second Installment.** The President signed into law a \$51.8 billion supplemental appropriations bill for fiscal year 2005 for hurricane disaster relief. Major funding areas are:
 - \$50.0 billion for the Department of Homeland Security's Emergency Preparedness and Response—Disaster Relief account (under which FEMA operates);
 - \$400.0 million for the Army Corps of Engineers; and
 - \$1.4 billion for the Department of Defense's Operation & Maintenance account.

(H.R. 3673, Public Law 109-62)

- **Pell Grant Repayment Relief.** The President signed into law a bill allowing the Secretary of Education to waive repayments of Pell Grants (normally required when students stop attending school), if students are attending a school affected by a major disaster.

(H.R. 3169, Public Law 109-66)

- **Other Education Grant Repayment Relief.** The President signed into law a bill allowing the Secretary of Education to waive the repayment of federal education grant assistance to students whose attendance was interrupted because of the impact of the disaster on the student or the institution.

(H.R. 3668, Public Law 109-67)

- **Increased Flood Insurance Borrowing.** The President signed into law a bill increasing by \$2 billion (from \$1.5 billion to \$3.5 billion), the amount FEMA may, with the President's approval, borrow to carry out the national flood insurance program.

(H.R. 3669, Public Law 109-65)

- **Federal Judiciary Emergency Special Sessions.** The President signed into law a bill allowing U.S. Courts of Appeals to conduct proceedings outside their normal territorial jurisdictions.

(H.R. 3650, Public Law 109-63)

- **Easing of Welfare Regulations.** The President signed into law a bill that:
- authorizes the Secretary of HHS to pay out the TANF (welfare) block grant funds to the states for the first quarter of fiscal year 2006 “as soon as practicable” (they would normally go out on October 1st);
 - gives a one-year 20% increase in TANF funds to Louisiana, Mississippi, and Alabama;
 - makes available up to \$2 billion to allow all states to access the current TANF contingency fund to reimburse them for actual costs of providing emergency cash assistance to evacuees;
 - waives the current spending restrictions on unspent, prior-year TANF funds;
 - waives TANF work requirements and time limits, through the end of FY2006, “to meet a subsistence need of a family resulting from Hurricane Katrina;” and
 - waives penalties on states for failing to comply with certain TANF requirements, if such failure resulted directly from the hurricane or was due to a state’s focusing on hurricane victims’ needs.

(H.R. 3672, Public Law 109-68)

- **Volunteer Liability Protection.** The House passed a bill providing injury liability protection, including personal injury, property damage or loss, and death, for any person or entity, that in response to Hurricane Katrina, “voluntarily, in good faith, and without a preexisting duty or expectation of compensation, renders aid (including medical treatment and rescue assistance) to any individual.”

(H.R. 3736)

- **Individual Tax Relief and Encouraging Private Contributions.** The **President signed into law** a bill that:
- Allows individuals who lived in the disaster area as of August 28, 2005, the option of using their 2004 income to calculate the child credit and the Earned Income Credit on their 2005 tax returns.
 - Grants the U.S. Treasury Department the authority to ensure that taxpayers do not lose dependency exemptions or child credits for 2005 or 2006 due to temporary relocations.
 - Ensures that individuals affected by the hurricane are not taxed on personal debt relief, such as the cancellation of a mortgage, provided before 2007.
 - Creates a special, one-year tax deduction for individuals who provide rent-free housing to dislocated persons for at least 60 days: \$500 for each dislocated person housed in the individual’s principal residence (up to a maximum of \$2,000).
 - Waives the 10% and \$100 floors for personal casualty losses (under current law, individuals who itemize their deductions may deduct personal casualty losses to the extent they exceed 10% of adjusted gross income and a \$100 floor.).
 - Waives the 10% tax on up to \$100,000 of early withdrawals from IRAs and pensions for individuals affected by the hurricane. Distributed amounts could be repaid to the IRA or pension plan over the three-year period following the distribution and receive rollover treatment.
 - Increases the limit on loans from pension plans from \$50,000 to \$100,000.
 - Extends from one to two years the Work Opportunity Tax Credit (WOTC) for employers who hire individuals who lived in the disaster area prior to the hurricane. The credit equals 40% of the first \$6,000 of wages paid to the employee each year. Employers located in an area that is eligible for such assistance could claim the WOTC with respect to Hurricane Katrina employees hired over the

next two years. Employers located outside of this area could claim the WOTC with respect to Hurricane Katrina employees hired through the end of the 2005 calendar year.

- Allows small employers located in a disaster area that is eligible for individual and public assistance under the Stafford Act to claim a tax credit (40% of the first \$6,000 of wages paid to the employee between August 28, 2005 and January 1, 2006) through the end of the 2005 calendar year, if they retain an eligible employee on their payroll.
- Increases to five years the period in which insurance proceeds would be nontaxable if reinvested in replacement property (in the disaster area). Under current law, insurance proceeds are not taxable if they are invested in replacement property within two years (with respect to damaged business property) or four years (with respect to damaged principal residences in presidentially-declared disaster areas).
- Allows all homebuyers—not just first-time homebuyers—to qualify for mortgage revenue bonds to finance low-interest rate mortgages through 2007.
- Extends the filing and payment deadlines for tax filings (administratively set at January 3, 2006) on excise, employment, income, estate, and gift taxes to February 28, 2006.
- Exempts cash donations to all charities from the 50% individual income limitation and the phase-out of itemized deductions, if the donation is made before January 2006. (Under current law, individuals can deduct charitable donations up to 50% of their adjusted gross income. Such deductions are further limited by the phase-out of itemized deductions.)
- Waives the 10% corporate income limitation for cash donations related to Hurricane Katrina, if the donation is made before January 2006. (Under current law, corporations can deduct charitable donations up to 10% of their taxable income.)
- Increases the mileage reimbursement rate for individuals for charitable donation deductions from 14 cents per mile to approximately 34 cents per mile. (Under current law, individuals can claim a tax deduction for the costs associated with using a personal vehicle for charitable work.)
- Extends the current-law food-inventory-donation deduction for C-Corporations to S-corporations, partnerships, and sole proprietors through the end of the 2005 calendar year.
- Creates a tax deduction through the end of the 2005 calendar year for donations of educational books to public schools.

(H.R. 3768, **Public Law 109-73**)

- **Coast Guard Provisions.** The House passed a bill which included provisions:
- authorizing an additional \$60 million in FY2005 for the Coast Guard for emergency disaster relief for Hurricane Katrina;
 - providing for reimbursements (subject to appropriations) of federal employees who were connected with Coast Guard stations in Louisiana, Mississippi, or Alabama for 85% of the fair market value of their destroyed residences or 100% of their remaining mortgages (--an owner receiving this reimbursement would have to transfer to the Secretary all right, title, and interest of the owner in the relevant property);
 - directing the Coast Guard, not later than September 15, 2005, and at least once every month thereafter through January 2006, to report to Congress regarding the personnel and assets deployed to assist in the response to Hurricane Katrina and the costs incurred as a result of such response that are in addition to funds already appropriated for the Coast Guard for FY2005;
 - authorizing one-year extensions for licenses, certificates of registry, and Merchant Mariners' documents for residents of Louisiana, Mississippi, or Alabama, or for individuals whose records were destroyed in the Coast Guard facility in New Orleans (regardless of residence);
 - authorizing six-month extensions for inspection certificates for vessels inspected by a Coast Guard Marine Safety Office located in Alabama, Mississippi, or Louisiana; and

--directing the Coast Guard, not later than October 15, 2005, to establish a temporary facility in Baton Rouge, Louisiana, to process applications for new licenses, certificate of registries, and merchant mariners' documents.

(H.R. 889)

- **Flexibility for Displaced Workers.** The **President signed into law** a bill allowing national emergency grant funds given to states under the Workforce Investment Act (WIA) for Hurricane Katrina relief to be used to provide disaster relief employment on projects that provide assistance in areas outside of the disaster area.

*(H.R. 3761, **Public Law 109-72**)*

- **Student Financial Assistance Waiver Authority.** The House passed a bill extending for two years (from September 30, 2005 to September 30, 2007) the waiver authority of the Secretary of Education with respect to student financial assistance during a national emergency, so that students do not get financially punished because of the disaster.

(H.R. 2132)

- **Manufacturing Partnerships.** The House passed a bill that included a provision creating a new Katrina Assistance Program under the Manufacturing Extension Partnership program to “provide assistance to impacted small and medium-sized manufacturers in the areas affected by Hurricane Katrina.” This provision would also require that the National Institute of Standards and Technology study the effects of Hurricane Katrina on physical structures to develop new information regarding building codes and standards and to review their adequacy.

(H.R. 250)

- **Immigration Relief.** The House passed a bill providing regulatory relief and extensions on immigrant visas for aliens directly impacted by Hurricane Katrina in various instances.

(H.R. 3827)

- **Head Start.** The House passed a bill including a requirement that the Secretary of Health and Human Services assist Head Start programs in areas affected by Hurricane Katrina. The bill requires the Secretary to provide additional technical assistance, guidance, and resources to Head Start agencies in affected areas, waives documentation requirements through March 31, 2006, and provides the Secretary with waiver authority to exempt programs from providing their local match.

(H.R. 2123)

- **Campus-Based Aid Relief.** The House passed a bill providing the Secretary of Education with certain waiver authority regarding state requirements in the Campus-Based Aid programs (in the disaster areas), with respect to funds made available for academic years 2004-2005 and 2005-2006.

(H.R. 3863)

- **Assistance for Individuals with Disabilities.** The House passed a bill directing the Commissioner of the Rehabilitation Services Administration to give preference to states affected by Hurricane

Katrina and Hurricane Rita, when reallocating funds made available under Title I of the Rehabilitation Act. Additionally, the bill allows the Commissioner to waive the current non-federal matching requirement with respect to amounts made available to affected states for fiscal year 2005, if the affected state submits to the Commissioner an application requesting the waiver.

(H.R. 3864)

- **Investigation Committee.** The House passed a resolution establishing the Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina.

(H.Res. 437)

- **Expressing Condolences.** The House passed a resolution expressing “the condolences of the Nation to the victims of Hurricane Katrina;” commending “the resiliency and courage of the people of the States of Louisiana, Mississippi, and Alabama;” and committing “to provide the necessary resources and to stand by the people of the States of Louisiana, Mississippi, and Alabama in the relief, recovery, and rebuilding efforts.”

(H.Res. 425)

- **Thanking Foreigners.** The House passed a resolution “[expressing] its sincere gratitude to the foreign individuals, organizations, and governments that have offered material assistance and other forms of support to those who have been affected by Hurricane Katrina.”

(H.Res. 428)

- **National Day of Remembrance.** The House passed a resolution supporting the goals and ideals of a national day of prayer and remembrance for the victims of Hurricane Katrina and encouraging all Americans to observe that day.

(H.Con.Res. 240)

- **Encouraging Court Cooperation.** The House passed a bill that included language encouraging each U.S. district court chief judge to “cooperate with requests from State and local authorities whose operations have been significantly disrupted as a result of Hurricane Katrina or Hurricane Rita to provide accommodations in Federal facilities for State and local courts to conduct their proceedings.”

(H.R. 3402)

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